



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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June 8, 2005

TO: Members of the House Banking and Financial Services Committee

FROM: Nadine Nosal, Legislative Coordinator

SUBJECT: House Bill No. 4834 – Deferred Presentment Services

The International Union, UAW represents over 445,000 active and retired members and their families in both the private and public sectors throughout Michigan.

The UAW is opposed to House Bill No. 4834, deferred presentment service transactions or more commonly known as payday lending. This bill establishes state regulations for the payday lending industry. The bill, however, is anti-consumer in its current form.

A similar payday lending bill (Senate Bill No. 474) was vetoed last session by Governor Granholm because it had a service fee of 13.25 percent on the face value of the check plus a verification fee. At that time these amounts were considered excessive and anti-consumer by the Granholm administration, numerous consumer advocate groups and various labor unions, including the UAW. **House Bill No. 4834 contains an even higher service fee of 15 percent plus a \$5.00 verification fee. These fees are higher than the bill that was vetoed and this is definitely moving the discussions in the wrong direction!**

Additionally, House Bill No. 4834 does not include any type of consumer legal recourse in case the pay day lender violates the law. Consumer protection is needed in the form of a private right of action.

House Bill No. 4834, in its current form, is a step backward in the debate to regulate the deferred presentment service industry. For these reasons the UAW urges you to vote "no" on this bill. Thank you.